

Message Text

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ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08
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XMB

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R 081410Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY KINGSTON

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E.O. 11652: N/A

TAGS: EFIN, JM

SUBJECT: RECENT EXIMBANK DECISIONS AFFECTING JAMAICA

REF: STATE 126469; KINGSTON 3063; STATE 161991

1. EXIMBANK HAS RECENTLY APPROVED TWO MEDIUM-TERM
INSURANCE TRANSACTIONS COVERING THE POSSIBLE SALE
OF CONSTRUCTION EQUIPMENT TO JAMEX BAUXITE LTD. ONE
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OF THESE TRANSACTIONS INVOLVED CATERPILLAR AMERICAS
COMPANY AS POTENTIAL EXPORTER OF EQUIPMENT VALUED
AT US DOLS 5 MILLION. THE OTHER TRANSACTION, WHICH
IS PARTIALLY A COMPETING BID, INVOLVES FIAT ALLIS
CONSTRUCTION MACHINERY INC. AS POTENTIAL EXPORTER
OF EQUIPMENT VALUED AT US DOLS 1.75 MILLION. THE
INSURANCE COVERAGE IS CONDITIONED ON THE GOVERNMENT
OF JAMAICA BECOMING CURRENT ON ITS DIRECT OBLIGATIONS
TO EXIMBANK.

2. EXIMBANK HAS JUST COMPLETED ITS SEMI-ANNUAL COUNTRY REVIEW WHICH SETS FORTH THE APPROPRIATE SPECIAL CONDITIONS RELATIVE TO SHORT AND MEDIUM TERM EXPORT SUPPORT (GUARANTEES AND INSURANCE) IN A PARTICULAR COUNTRY. THE REVIEW ALSO CLASSIFIES THE COUNTRIES INTO FOUR BASE RATES, WHICH CLASSIFICATION IS A MAJOR DETERMINANT IN THE PREMIUM RATE TO BE CHARGED FOR EXIMBANK SUPPLIER CREDIT SUPPORT.

3. EFFECTIVE ON OR ABOUT SEPTEMBER 1, 1977, JAMAICA WILL BE CLASSIFIED FROM A 1.08 TO A 1.26 BASE RATE MARKET, WHICH IS THE HIGHEST RISK CATEGORY. IN ADDITION A 20 PERCENT CASH PAYMENT AND 30 PERCENT RETENTION BY THE EXPORTER WILL BE REQUIRED ON ALL MEDIUM-TERM (181 DAYS TO 5 YEAR) TRANSACTIONS. ALSO, THE IMPORTER MUST HAVE AN IMPORT LICENSE VALIDATED BY THE BANK OF JAMAICA PRIOR TO SHIPMENT AND THERE IS NOW A 180 DAY WAITING PERIOD BEFORE AN EXPORTER CAN FILE A TRANSFER RISK CLAIM.

4. EMBASSY MAY POINT OUT TO THOSE THAT INQUIRE THAT EXIMBANK IS NOT REPEAT NOT REFUSING TO PROVIDE GUARANTEES OR INSURANCE FOR SALES TO JAMAICA. THE COST OF THE LIMITED OFFICIAL USE

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GUARANTEE OR INSURANCE HAS INCREASED AND MORE STRINGENT CONDITIONS APPLY, BUT EXIMBANK WILL CONTINUE TO REVIEW APPLICATIONS ON A CASE-BY-CASE BASIS AS LONG AS GOJ REMAINS CURRENT ON OBLIGATIONS TO EXIMBANK OR TO LENDERS GUARANTEED BY EXIMBANK. CHRISTOPHER

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Control Number: n/a
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Sent Date: 08-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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